

Message Text

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SUBJECT: O ESTADO DE SAO PAULO OPINES FAVORABLY ON THE BUTZ VISIT
TO BRAZIL

1. AN EDITORIAL ON THE VISIT TO BRAZIL OF SECRETARY OF AGRICULTURE EARL BUTZ APPEARED IN THE JUNE 8 ISSUE OF THE INFLUENTIAL AND RESPECTED "O ESTADO DE SAO PAULO", WHICH WILL BE OF INTEREST AS SECRETARY BUTZ PREPARES FOR HIS TRIP TO BRAZIL. A FREE TRANSLATION OF THE ENTIRE EDITORIAL FOLLOWS:

"THE BUTZ VISIT, COFFEE AND SOYA"

THE VISIT TO BRAZIL DURING THE SECOND HALF OF JUNE OF THE SECRETARY OF AGRICULTURE OF THE UNITED STATES IS ONE OF GREAT IMPORTANCE. IN THE FIRST PLACE, EARL BUTZ TOGETHER WITH THE SECRETARY OF THE STATE DEFENDS THE PARTICIPATION OF HIS NATION IN A CONCERTED EFFORT AIMED AT THE STABILIZATION OF RAW MATERIALS, INCLUDING COFFEE. AS AN ALLY OF HENRY KISSINGER HE DOES NOT SHARE THE VIEWS OF THE SECRETARY OF THE TREASURY WHO HOLDS AN OPPOSING POSITION. IN FACT, EARL BUTZ, WHO DEFENDS FARM AND CATTLE-RAISING INTERESTS, IS VERY POPULAR IN RURAL AREAS OF THE UNITED STATES. THE VOTE OF THE POPULATION OF THESE AREAS WILL CARRY SUBSTANTIAL WEIGHT IN THE ELECTIONS IN WHICH GERALD FORD'S POLITICAL FUTURE WILL BE DECIDED. UNDER THE CIRCUMSTANCES, THE VISIT TO BRAZIL OF THE SECRETARY OF AGRICULTURE OF THE UNITED STATES CERTAINLY WILL PROM-

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PAGE 02 SAO PA 01286 131326Z

PT OUR ADMINISTRATION TO HOLD TALKS REGARDING THE RE-ESTABLISH-

MENT AND REFINING OF THE INTERNATIONAL COFFEE AGREEMENT. A POSITIVE ASPECT IS THAT THE LARGE MAJORITY OF UNITED STATES IMPORTING FIRMS SUPPORT A NEW AGREEMENT, SINCE IT IS TO THEIR INTEREST TO PROFIT, NOT LOSE, FROM THEIR COFFEE STOCKS. IT CAN BE PRESUMED-- AND WELL INFORMED SOURCES CONFIRM THIS-- THAT EARL BUTZ WILL TAKE ADVANTAGE OF HIS VISIT TO BRAZIL TO DISCUSS ALSO THE SOYA QUESTION. AT FIRST GLANCE, IT WOULD APPEAR THAT PROBLEMS RELATED TO THIS MATTER ARE QUITE DIFFERENT FROM CONTROVERSIES OVER COFFEE, BRAZIL CONTINUES TO BE THE MAJOR EXPORTER WHILE THE UNITED STATES IS THE MAJOR IMPORTER OF THIS PRODUCT. WITH REGARD TO SOYA, HOWEVER, EACH OF THE TWO COUNTRIES COMPETES WITH THE OTHER IN THE INTERNATIONAL MARKETS ESPECIALLY IN THE EUROPEAN MARKET. NONETHELESS, EXISTING COMPETITION DOES NOT --AT LEAST IN THEORY -- ELIMINATE THE POSSIBILITIES FOR COOPERATION WHICH COULD BE BENEFICIAL TO BOTH NATIONS. OBVIOUSLY, NO ONE IN HIS RIGHT MIND WOULD SUPPORT A SYSTEM OF ARTIFICIAL "MONOPOLY PRICING" WHICH WOULD AFFECT, ON AN INTERNATIONAL LEVEL, THE VOLUME OFFERED OF SOYA AND ITS BY-PRODUCTS. IT WOULD NOT BE SENSIBLE, EITHER, TO FAVOR A POSITION WHICH WOULD FOSTER TENDENCIES TOWARD INCREASED GOVERNMENT INTERVENTION IN BRAZIL IN MATTERS RELATED TO SOYA. ON NUMEROUS OCCASIONS THIS PAPER HAS WARNED OF THE DANGERS INHERENT IN THE ESTABLISHMENT OF A BRAZILIAN SOYA INSTITUTE. WE BELIEVE FEASIBLE, HOWEVER, AND EVEN RECOMMEND, THAT CONDITIONS BE SET FOR AGREEMENTS ON AN EQUAL FOOTING, BETWEEN PRODUCERS, INDUSTRIALISTS AND TRADERS OF SOYA IN BRAZIL AND IN THE UNITED STATES. THE APPROACH WOULD NOT BE, IN OUR VIEW, ONE OF SETTING EXPORT QUOTAS OR COMPULSORY REGULATORY STOCKS. INSTEAD, WE BELIEVE A GENTLEMEN'S AGREEMENT CAN BE REACHED IN WHICH THE GOVERNMENTS AND PRIVATE INITIATIVE SECTORS OF BOTH COUNTRIES WOULD PARTICIPATE. IN THIS CONNECTION, IT IS WORTHY TO MENTION AN OBSERVATION MADE BY A SPECIALIST OF UNDISPUTED COMPETENCE IN MATTERS RELATED TO FARM PRODUCTION. WE ARE REFERRING TO FORMER FEDERAL AGRICULTURE MINISTER CIRNE LIMA WHO PRAISED THE CAPABLE PERFORMANCE OF MULTINATIONAL FIRMS OPERATING IN BRAZIL IN EXPORTING ABROAD SOYA AND ITS BY-PRODUCTS.

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